



# NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Dallas Carson, Chairperson  
Scott Township Holt County  
89046 501<sup>st</sup> Ave  
Lynch, NE 68746

Dear Chairperson Carson:

The Nebraska Auditor of Public Accounts (APA) has reviewed the audit waiver request received from the Scott Township Holt County (Township) for the fiscal year ending 2021 and 2020. **That request has been approved.**

As noted in **Comment and Recommendation Number 1** (“Audit Waiver Filing”) below, the Township’s fiscal year 2020 and fiscal year 2021 audit waiver requests were not filed with the APA. **To be considered for an audit waiver for the fiscal year ended June 30, 2022, the Township must file its audit waiver request by December 31, 2022. If the request is not filed by then, the APA will deny any requests filed thereafter.** The Township then will be required to have an audit conducted for fiscal year 2022, and that audit will be required to be filed with the APA. Costs of such audit will be the responsibility of the Township.

While performing, pursuant to Neb. Rev. Stat. § 84-304 (2021 Neb. Laws, LB 528, § 51), the preliminary examination necessary to determine whether further audit work would be required or the audit waiver should be allowed, the APA noted certain internal control or compliance matters, or other operational issues, within the Township.

The following information is intended to improve internal controls or result in other operational efficiencies.

## **Comments and Recommendations**

### **1. Audit Waiver Filing**

The Township failed to file its fiscal year ending June 30, 2020, and fiscal year ending June 30, 2021, audit waiver requests with the APA. Also, the following information was not filed as part of these filings.

- Copies of meeting minutes documenting the Board’s approval to request audit waivers for fiscal year 2020 and 2021. However, based on the APA’s separate phone conversations with the three Board members, it was their intent to request audit waivers rather than have an audit conducted.
- Copies of bank statements (including cleared check images) for the fiscal year 2021.
- A copy of the June 30, 2021, bank reconciliation.
- A copy of Board meeting minutes for one meeting that occurred during fiscal year 2021.

Due to the failure to submit these items, the APA obtained bank statements for the Township directly from their bank for both fiscal years 2020 and 2021. After reviewing these bank statements, the APA determine the Township's activity to be low risk enough to grant a special audit waiver approval for fiscal year 2020 and 2021.

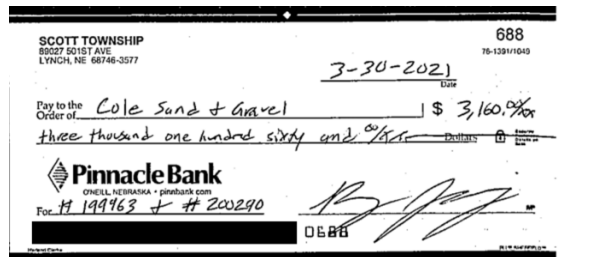
Good internal control requires procedures to ensure that the forms required to be filed with the APA are submitted with the APA within the time constraints set by the APA and those deadlines required by State statute.

Without such procedures, there is an increased risk chance of the Township's audit waiver being denied due to noncompliance of such filings.

We recommend the Township implement procedure to ensure all forms required to be filed with the APA are submitted with the APA within the time constraints set by the APA and those deadlines required by State statute.

## 2. Lack of Dual Signatures

The APA obtained the monthly statements for the Township's bank accounts from its fiscal year 2021 audit waiver request. From those statements, the APA noted that all Township checks written during the examination period contained only one signature. An example of such checks is shown below.



Nebraska law requires both the Clerk and the Chairperson of the Township Board to sign all checks approved by the Board. In particular, Neb. Rev. Stat. § 23-255 (Reissue 2012) states, in relevant part, the following:

*The town clerk shall draw and sign all orders upon the town treasurer for all money to be disbursed by the township, and all warrants upon the county treasurer for money raised for town purposes, or apportioned to the town by the county or state, and present the same to the chairman of the board, to be countersigned by him, and no warrant shall be paid until so countersigned.*

(Emphasis added.) In addition, good internal controls and sound accounting practices require procedures to ensure that Township checks contain the statutorily required endorsements.

Without such procedures, there is an increased risk for not only failure to comply with State statute but also loss or misuse of public funds.

We recommend the Board implement procedures to require dual signatures, from both the Clerk and the Chairperson, on all Township checks, as required by law.

\* \* \* \* \*

The preliminary planning work that resulted in this letter was designed primarily on a test basis and, therefore, may not bring to light all existing weaknesses in the Township's policies or procedures. Nevertheless, our objective is to use the knowledge gained during the performance of that preliminary planning work to make comments and suggestions that we hope will prove useful to the Township.

This communication is intended solely for the information and use of the Township and its management. It is not intended to be, and should not be, used by anyone other than those specified parties. However, this letter is a matter of public record, and its distribution is not limited.

If you have any questions, please contact **Dakota Christensen** at **402-499-8702** or **dakota.christensen@nebraska.gov**.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Avery". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mark Avery, CPA  
Assistant Deputy Auditor